

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-10 L-03 ACDA-12
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C O N F I D E N T I A L THE HAGUE 2085

E.O. 11652: XGDS-1
TAGS: MASS, MPOL, NL
SUBJECT: DOUBTS ABOUT DUTCH ACQUISITION OF LOCKHEED ORION

SUMMARY: THERE IS GROWING UNCERTAINTY WHETHER GON WILL CHOOSE
LOCKHEED P-3C AS NEXT GENERATION ASW AIRCRAFT. END SUMMARY

1. NETHERLANDS CNO VICE ADMIRAL VELDKAMP CALLED IN POL COUNS
APRIL 12 TO EXPRESS HIS SERIOUS CONCERN THAT RAPIDLY APPROACHING
GON CHOICE OF ASW AIRCRAFT TO REPLACE CURRENT NEPTUNES WILL
NOT BE US LOCKHEED ORION P-3C BUT YET-TO-BE-DEVELOPED FRENCH
BREGUET ATLANTIQUE. ONE PROBLEM, WHICH WAS ALSO MENTIONED
TO US EARLIER THIS WEEK BY DEFENSE STATE SECRETARY VAN EEKELEN,
IS OFFSET PACKAGE, WHICH IN ITS CURRENT FORM IS NOT REGARDED
HERE AS NEARLY SUFFICIENT. VELDKAMP LAID HEAVY STRESS ON
THIS POINT. OTHER PROBLEM IS THAT CURRENT LETTER OF OFFER
(LOA) EXPIRES APRIL 30 AND, UNLESS ACTED UPON BEFORE, WILL
REQUIRE RENEGOTIATION. TERMS OF ANY NEW LOA WILL NO DOUBT
FURTHER WEAKEN LOCKHEED'S COMPETITIVE STANDING.

2. THERE HAS BEEN NO DOUBT ALL ALONG THAT DUTCH NAVY WANTS
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ORION, FOR REASONS OF COST, AVAILABILITY AND CAPACITY TO DO THE
JOB. ON MILITARY GROUNDS, THEREFORE, DUTCH PREFERENCES ARE
CLEAR. PROBLEM IS THAT INCREASINGLY OTHER CONSIDERATIONS ARE
BEING PUT ONTO THE SCALE. ONE IS FUTURE OF FOKKER, PRINCIPAL
DUTCH AIRCRAFT MANUFACTURER CURRENTLY ALSO INVOLVED IN F-16
CO-PRODUCTION. BY 1983 IT WILL NEED NEW ORDERS. IF DUTCH
WERE TO BUY FRENCH, FOKKER COULD BUILD PARTS OF BREGUET

ATLANTIQUE, NOT JUST FOR 13 PLANES FOR RNAF BUT ALSO 40 PLANES TO BE BOUGHT BY FRENCH. FROM THE POINT OF VIEW OF EMPLOYMENT OF DUTCH WORKERS, THIS DEAL LOOKS BETTER THAN P-3C WITH CURRENT OFFSET. BUYING FRENCH WOULD ALSO HELP KEEP OPEN EUROPEAN AND NORTH AFRICAN MARKET FOR F-27 AND F-28. SECOND, BUYING FRENCH WOULD HELP EUROPEAN AIRCRAFT INDUSTRY, WITH POSITIVE EFFECTS ON EMPLOYMENT. THESE ARGUMENTS ARE BEING PRESSED BY OPPOSITION SOCIALIST AND COALITION CHRISTIAN DEMOCRAT MEMBERS OF PARLIAMENT.

3. COMMENT: THE CURRENT CRUNCH ABOUT THE CHOICE OF ASW AIRCRAFT CALLS TO MIND THE BATTLE ABOUT THE F-16 DECISION. IN THAT CASE, THE US PLANE WON, BUT THE ISSUE WAS CLOSE. WE WOULD ANTICIPATE THAT DUTCH WILL, AS USUAL, BE TOUGH BARGAINERS. AT THE SAME TIME, CANNOT EXCLUDE POSSIBILITY THAT IN THE ABSENCE OF IMAGINATIVE RESPONSE FROM THE AMERICAN SIDE THE CHANCES FOR THE ORION MAY NOW BE QUESTIONABLE AND THAT DUTCH NAVY (AND LOCKHEED) MAY LOSE.
BROWN

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